IN THE

Supreme Court of the United States

No. 708

October Term, 1946.

CLARK & CLARK (a Corporation of New Jersey), CHARLES L. MORRIS, and ROBERT BRINTON MORRIS, Trading as PROFESSIONAL LABORATORIES,
Petitioners,

v.

SMITH, KLINE & FRENCH LABORATORIES (a Corporation of Pennsylvania),
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT AND BRIEF IN SUPPORT THEREOF.

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Petitioners,

v.

SMITH, KLINE & FRENCH LABORATORIES (A CORPORATION OF PENNSYLVANIA),

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCIUT.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioners respectfully pray for a writ of certiorari to the United States Circuit Court of Appeals for the Third Circuit to review the judgment of that Court entered in this case on August 6, 1946 (R. 325), modifying a judgment of the United States District Court for the District of New Jersey.

A petition for rehearing (R. 338) was filed in the Circuit Court of Appeals on September 26, 1946, and denied on October 17, 1946 (R. 359).

A certified transcript of the record in this case, including the proceedings in the Circuit Court of Appeals, is furnished herewith in compliance with Rule 38 of this Court.

SUMMARY STATEMENT OF MATTERS INVOLVED.

This is an action for patent infringement and unfair competition.

Respondent herein owns United States Patent No. 1,879,003 (R. 63) which describes two common salts—the sulphate and the hydrochloride—of a basic compound found by the courts below to have been known since 1887 (R. 329). The sole reference in the patent specification to the utility of the compounds is a single vague sentence to the effect that *the salts* "are physiologically active and produce effects in animals and man similar to the effect of the salts of ephedrine * * *" (R. 63). The patent as issued contained two claims, the first of which respondent's attorney conceded (R. 13) might "cover any and all of the salts" of the basic compound, and the second of which covered specifically the hydrochloride salt, one of the two salts described in the specification. Only the first claim is here in issue.

The Patent Office refused to allow any claims to the process of producing these salts on the ground that this process was "well known" (R. 75)—and so were the "physiological advantages and uses" of the salts—so all process claims were cancelled from the application.

Not only did the prior art describe the parent compound, from which the claimed salts were made, but, as found by the court below, it also described some of these salts, including the hydrochloride salt of claim 2 (R. 331). To save the claims from invalidation because they covered more than was proper, the patentee subsequently filed what he termed a disclaimer. In this disclaimer he admitted that the specification and claims of his patent were "too broad" and included that "of which he was not the first inventor" (R. 77). This so-called disclaimer, instead of striking the defective claims *in toto,* attempted to accomplish the purpose of a reissue by rewriting the patent claims. In addition it redirected the claims to whatever salts might happen to have the desired functional prop-

erties,[1] as is evident from the following comparison of original claim 1 with the disclaimer (R. 66):

Original Claim 1:

"As a new composition of matter, a salt of 1-phenyl-2-aminopropane."

The disclaimer:

"disclaims so much of claim 1 of said patent as is in excess of the following: 'As a physiologically active therapeutic agent capable of producing effects in animals and man similar to the effect of salts of ephedrine, a salt of 1-phenyl-2-aminopropane.' "

During the following years, independent investigators in the field of psychoneuroses found that the sulphate salt of 1-phenyl-2-aminopropane (commonly referred to as amphetamine sulphate) had a pronounced and highly beneficial effect on the central nervous system.[2] This was the second salt described in the patent at bar, but no claim had been specifically directed to it.

When the valuable therapeutic properties of amphetamine sulphate became known respondent purchased this patent and commenced to manufacture and sell this product under the trade name "Benzedrine Sulphate." It was sold in the form of round tablets which could be broken into four equal doses. For this purpose it had bevelled edges, a concave bottom and crossed grooves on the upper face. The tablets were white since that is the color of the salt. Both of the lower courts held that these features of the tablet were "functional in their totality" (R. 314, Finding 80; R. 333).

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[1] The specification failed to state which salts had the desired functional properties and which did not.

[2] This effect is diametrically opposite to the ephedrine-like effect predicted by the patent, which is of benefit only to the *sympathetic* nervous system but is detrimental to the central nervous system (R. 308, Finding 49).

Some years after respondent commenced the sale of these tablets petitioners began to manufacture and sell amphetamine sulphate in a tablet of similar appearance. Photographs of petitioners' and respondent's tablets appear at pages 67 and 295 of the record. Petitioners' tablets were sold under the trade name "Profetamine" in labelled containers which concededly bear no resemblance to those of respondent. Respondent was obtaining $22.00 per thousand for its tablets, whereas petitioners' tablets of equally good quality sold for less than $10.00 per thousand.

These tablets are sold only on prescription, and all sales by respondent and petitioners are to doctors or druggists (R. 311, Finding 62). It is conceded that no doctor or druggist purchased petitioners' tablets for those of respondent. However, respondent contends, on the basis of highly speculative evidence, that some druggists have substituted petitioners' tablets on prescriptions calling for respondent's "Benzedrine Sulphate."[3] Petitioners never suggested that their tablets might be substituted for those of respondent, but it was held that the similarity of the tablets was "auto-suggestive" (R. 315, Finding 84).

On the patent phase of the case, the District Court, in a lengthy opinion, held that the discovery of new uses for old compounds should not be discouraged by a holding of unpatentability (R. 135). The patent was thereupon held to cover the compound "as a therapeutic agent whenever it produces effects similar to the effects of salts of ephedrine" (R. 137).—Query, when the same compound is used for some other purpose is it covered by the patent?—The patent was held valid and infringed. On the unfair competition count, the District Court, while holding that all the features of the tablets were "functional in their

[3] Respondent has a direct remedy against any druggist who improperly fills prescriptions for its product—*Winthrop Chemical Co. v. Weinberg* (3 Cir., 1932), 60 F. (2d) 461—but it has failed to exercise this right.

totality," nevertheless gave to respondent a perpetual monopoly on these features, because they imparted to respondent's tablet "a distinctive appearance" (R. 176).

The Circuit Court of Appeals held the patent valid and infringed, but by an approach quite unlike that of the District Court. It held that the disclaimer limited the patent to "effects" which would "destroy" it (R. 327). To avoid invalidating the patent it then ignored the disclaimer *in toto* (R. 328). This left claim 1 so broad that it should still have been invalidated (R. 328). But the Court avoided this dilemma by judicially rewriting the claim to exclude from its scope all the numerous amphetamine salts with the exception of the one compound described in the specification which was of commercial importance (R. 329, 331). By this approach the Circuit Court of Appeals affirmed the judgment of the District Court on the patent count.

On the unfair competition count the Circuit Court of Appeals modified the judgment of the District Court by properly holding that since the distinctive features of respondent's tablets were functional petitioners had the right to copy them (R. 333). However, it then defeated the effect of this holding by placing upon petitioners the obligation and expense of distinguishing their tablets from those of respondent by imprinting thereon their initials or similar identifying marks (R. 336). For all practical purposes this still left respondent with a permanent monopoly on the functional features of its tablets because, as found by the Court of Appeals, doctors will not prescribe tablets which bear marks indicating that they are a patent medicine (R. 333, footnote).

Respondent has granted but one license under the patent at bar, and the licensee is obligated to manufacture the patented chemical compound "for veterinary use only" (R. 87). Purchasers from this licensee are likewise restricted in the use which they can make of the product. They must incorporate it in "veterinary medicine" (R. 358, footnote). This is a misuse of the patent which dur-

ing its continuance should bar respondent from obtaining any relief from the courts. Yet the Circuit Court of Appeals refused to penalize respondent for this attempt to expand its patent monopoly by controlling the use of the patented product in the channels of trade. In effect, respondent is being assisted in its misuse of this patent by a judicial decree which prevents competition.

JURISDICTIONAL STATEMENT.

The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925, Ch. 229 (28 U. S. C. Sec. 347).

The final decree of the Circuit Court of Appeals was entered on August 6, 1946 (R. 325), and the petition for rehearing was denied on October 17, 1946 (R. 359).

THE QUESTIONS PRESENTED.

1. Can a patent disclaimer be ignored in order to sustain the patent?

2. Where a claim is so broad and indefinite that it is invalid can it be redrafted by the court to restrict it to a single compound of commercial importance which is described in the specification but not mentioned in the claim?

3. Where the process of making a chemical compound is well known and unpatentable is a claim to that compound valid?

4. Can a manufacturer who adopts functional features for a tablet prevent a competitor from later employing the same features unless he incurs the expense and sales handicap of adding initials or other distinguishing marks to his competitive tablets?

5. Where a patent owner restricts the use which purchasers can make of the patented product is this an improper expansion of the patent monopoly which bars judicial relief?

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

1. The Circuit Court of Appeals for the Third Circuit in deciding this case has established unique precedents of far-reaching importance in the field of chemical patent law and unfair competition.

2. This decision is believed to be diametrically contrary to several controlling decisions of this Court.

3. In addition, it is in conflict with decisions of the Circuit Court of Appeals for the Second Circuit on the same matters.

4. Respondent has filed the following additional suits for infringement of the patent at bar, and some of these suits also include the same unfair competition issue as is present herein, although none has yet gone to trial:

1. *Smith, Kline & French Laboratories v. Organic Products Co. et al.*, filed July 16, 1942, in the U. S. District Court for the Southern District of New York;
2. *Smith, Kline & French Laboratories v. R. S. A. Corp. et al.*, filed August 7, 1942, in the U. S. District Court for the Southern District of New York;
3. *Smith, Kline & French Laboratories v. Benjamin Zirin*, filed August 17, 1942, in the U. S. District Court for the Eastern District of New York;
4. *Smith, Kline & French Laboratories v. Lannett Co. et al.*, filed August 26, 1942, in the U. S. District Court for the Eastern District of New York;
5. *Smith, Kline & French Laboratories v. Pro-Medico Laboratories, etc., et al.*, filed January 3, 1944, in the U. S. District Court for the Eastern District of New York;
6. *Smith, Kline & French Laboratories v. Ziegler Pharmacal Co.*, filed April 19, 1945, in the U. S. District Court for the Western District of New York;

7. *Smith, Kline & French Laboratories v. Rona Pharmacal Co.*, filed April 30, 1945, in the U. S. District Court for the Eastern District of Pennsylvania;
8. *Smith, Kline & French Laboratories v. Gamma Pharmaceutical Co. et al.*, filed June 26, 1945, in the U. S. District Court for the Northern District of Illinois;
9. *Smith, Kline & French Laboratories v. National Drug Laboratories, Inc. et al.*, filed June 26, 1945, in the U. S. District Court for the Northern District of Illinois;
10. *Smith, Kline & French Laboratories v. David M. Grossmann*, filed August 30, 1945, in the U. S. District Court for Massachusetts.

While respondent has procured, by one means or another, consent decrees in some of these cases, others are still pending. The final determination of the issues in this case will therefore avoid a multiplicity of suits during which the medical profession and the druggists will continue to be threatened and intimidated by respondent, to the ultimate damage of those members of the public who require amphetamine sulphate for the treatment of their ills.

WHEREFORE, your petitioners respectfully pray that a writ of certiorari be issued to the United States Circuit Court of Appeals for the Third Circuit to the end that this case may be reviewed and determined by this Court; that the judgment of the Circuit Court of Appeals be reversed; and that petitioners may be granted such other and further relief as may be proper.

CLARK & CLARK, CHARLES L. MORRIS, AND ROBERT BRINTON MORRIS, TRADING AS PROFESSIONAL LABORATORIES,

By ARTHUR G. CONNOLLY,
Counsel.

November 21, 1946.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

Opinions of the Courts Below.

The opinion of the District Court, written by Judge Forman, appears at page 91 of the record and is reported in 62 F. Supp. 971.

The opinion of the Circuit Court of Appeals (Circuit Judges Biggs and O'Connell and District Judge Gourley), written by Judge Biggs, appears at page 325 of the record and is reported in 70 USPQ 382; but it has not yet appeared in the official reports.

Jurisdiction.

The jurisdictional statement appears in the accompanying petition.

Statement of the Case.

The essential facts of the case are stated in the accompanying petition and need not be repeated here.

Specification of Errors.

The Circuit Court of Appeals for the Third Circuit erred:

1. In ignoring a patent disclaimer which it conceded would "destroy" the claim.

2. In sustaining a claim which the patentee admitted was "too broad" and included that "of which he was not the first inventor".

3. In judicially redrafting a broad claim to exclude from its scope everything but a single compound of commercial importance which was described in the specification but not referred to in the claim.

4. In sustaining a claim to a chemical compound when the Patent Office had held the process for its production to be "well known" and unpatentable, and the patent showed on its face that it involved only the most elementary reaction in chemistry, i. e., neutralization of a base with an acid.

5. In refusing to permit a competitor to copy the functional features of a tablet unless such features were coupled with additional distinguishing marks.

6. In granting relief to a party who is misusing its patent monopoly to control the use of the patented product in the hands of purchasers.

Summary of Argument.

In *Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp.* (1935), 294 U. S. 477, 492, this Court held that a disclaimer cannot be ignored, even when it is improperly used. Yet, because the disclaimer herein was improper and destroyed the claim the Circuit Court of Appeals ignored it (R. 327-8).

Having ignored the disclaimer, the Circuit Court of Appeals had before it the original claim which the patentee had admitted was "too broad" and included that "of which he was not the first inventor" (R. 77). The Court, furthermore, found this claim to be vague and indefinite, and to embrace both inoperative compounds and prior art compounds (R. 328-9). But to sustain the patent it circumvented these difficulties by judicially redrafting the claim to exclude everything except a single compound mentioned in the specification but not referred to in the claim (R. 329). This is contrary to the controlling authority of *General Electric Co. v. Wabash Co.* (1938), 304 U. S. 364, 369, and *United Carbon Co. v. Binney Co.* (1942), 317 U. S. 228, 236, which hold that a claim is invalid if it does not accurately define the invention and clearly distinguish it from the prior art. It is also contrary to the *Altoona* case, *supra,* which holds (p. 487) that a claim cannot be saved by reading into

it parts of the specification which the patentee failed to include in it.

In *General Electric Co. v. Jewel Incandescent Lamp Co.* (1945), 326 U. S. 242, 248, this Court held that if the method of manufacturing an article is known the article cannot be patented even though a new advantage is discovered for it. The process of making the compound covered by the patent at bar was held by the Patent Office to be "well known" and unpatentable (R. 75). The patentee acquiesced in this holding by cancelling all process claims from his application. Yet, the Circuit Court of Appeals sustained a claim to this compound.

In *Warner & Co. v. Lilly & Co.* (1924), 265 U. S. 526, 528, and *Kellogg Co. v. National Biscuit Co.* (1938), 305 U. S. 111, 121, this Court held that functional features of a product cannot be permanently monopolized as a trademark. The Circuit Court of Appeals acknowledged that there could be no unfair competition in copying the functional features of a competitor's tablet (R. 333). Yet, it thereafter defeated the effect of this holding by placing upon petitioners the obligation and expense of distinguishing their tablets from those of respondent (R. 336).

In *Motion Picture Patents Co. v. Universal Film Mfg. Co.* (1917), 243 U. S. 502, 516, and *Boston Stores of Chicago v. American Graphophone Co.* (1918), 246 U. S. 8, 25, this Court held that when a patented article is sold it passes beyond the confines of the patent law and cannot thereafter be controlled by the patentee. Respondent herein has obligated purchasers of the patented product to use it only in veterinary medicine (R. 87; 358). This is an attempt to expand the patent monopoly and control the product in the channels of trade, which should bar all judicial relief, under the doctrine of *Mercoid Corp. v. Mid-Continent Investment Co.* (1944), 320 U. S. 661, 670, and cases cited therein. Yet the Circuit Court of Appeals refused to penalize respondent for this misuse of its patent—which is still continuing while respondent takes advantage of the judicial processes to implement it.

ARGUMENT.

Point I.

The Circuit Court of Appeals Erred in Ignoring a Patent Disclaimer.

It is settled that a patent disclaimer cannot be ignored, even when it is improperly used, because it irrevocably abandons the original claim. In *Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp.* (1935), 294 U. S. 477, this Court held (p. 492):

> "With the invalid disclaimer must fall the original claims as they stood before the disclaimer. The disclaimer is a representation, as open as the patent itself, on which the public is entitled to rely, that the original claim is one which the patentee does not, in the language of the statute, 'choose to claim or hold by virtue of the patent.' Upon the filing of the disclaimers, the original claims were withdrawn from the protection of the patent laws, and the public was entitled to manufacture and use the device originally claimed as freely as though it had been abandoned. To permit the abandoned claim to be revived, with the presumption of validity, because the patentee had made an improper use of the disclaimer, would be an inadmissible abuse of the patent law to the detriment of the public."

In the case at bar the Circuit Court of Appeals held (R. 327) that the disclaimer limited the claims to "effects", which would "destroy Alles claim 1" because a patent cannot claim effects.[4] Under the controlling authority of *Al-*

[4] It is doubtful whether a disclaimer can be used for any purpose other than to cancel the defective claim *in toto*. This seems to be the holding of this Court in the *Altoona* case, *supra*, at pages 490-91; and to the same effect is *Milcor Steel Co. v. George A. Fuller Co.* (1942), 316 U. S. 143, 148. This was stated to be the import of the foregoing

toona v. Tri-Ergon, supra, this holding required that the patent be invalidated. Instead of holding the patent invalid, however, the Circuit Court of Appeals ignored the disclaimer completely and held (R. 327-8):

> "We think that it would be unfair to destroy Alles' claim 1 because he has claimed effects by his disclaimer * * * But since Alles may not claim effects, claim 1 must stand precisely as printed in the [original] patent, viz., 'As a new composition of matter, a salt of 1-phenyl-2-aminopropane.'" [The original claim freed of the restrictive disclaimer.]

It is believed self-evident that in ignoring the disclaimer to sustain the patent at bar, the Circuit Court of Appeals decided a federal question in a manner which conflicted with the applicable decision of this Court. Having found that the disclaimer improperly directed the claim to effects, and thereby destroyed it, the court below was bound to invalidate the patent.

Point II.

The Circuit Court of Appeals Erred in Sustaining a Claim Which the Patentee Admitted Was Too Broad and Included That of Which He Was Not the First Inventor.

When the patentee filed his disclaimer in the Patent Office he included therein the statement that the claims of the patent at bar were "too broad" and included "that of which he was not the first inventor" (R. 77).—As found by the court below, the prior art described the base, amphetamine (R. 329), and also some of its salts (R. 331).—Having disregarded the disclaimer, the Circuit Court of Appeals

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decisions in *Foxboro Co. v. Taylor Instrument Companies* (2 Cir., 1946), 70 USPQ 338, 344. In the case at bar, however, the courts below have approved so-called "interpretative disclaimers" which summarily rewrite the defective claims and thereby avoid application for a reissue patent.

had before it for adjudication a claim which covered the prior art. It should, therefore, have been invalidated. But to save this claim the court below judicially redrafted it to exclude from its scope everything but a single compound of commercial importance which was described in the specification but not referred to in the claim (R. 329).

In *Altoona Publix Theatres v. American Tri-Ergon, supra,* this Court condemned the practice of judicially redrafting a claim by reading into it details of the specification, holding (p. 487):

> "As none of the flywheel claims as drawn define an invention, none can be aided by reading into it parts of the specifications, * * * which the patentees failed to include in it."

The foregoing holding of the Circuit Court of Appeals is also in conflict with a recent decision of the Circuit Court of Appeals for the Second Circuit on the same matter. In *Foxboro Co. v. Taylor Instrument Co.* (2 Cir. 1946), 70 USPQ 338, 343, it was held:

> "* * * We should have no warrant for limiting the claims by the elements of the disclosure which they do not include, even if the elements were new. A patentee who claims broadly must prove broadly; he may not claim broadly, and recede as he later finds that the prior art unknown to him has limited his invention. This is the chance he must take in making broad claims; * * *."

Point III.

The Circuit Court of Appeals Erred in Judicially Redrafting the Claim to Avoid Its Additional Defects.

The court below *expressly* held that the patent claim in issue is defective in each of the following respects:

(a) It does not accurately define the invention (R. 327):

"It is very difficult to evaluate the patent or to determine the impact of the disclaimers on the claims. The fact is that Alles by his specification and by his disclaimers claims *effects.* * * * A patentee may not claim effects for a new composition of matter. * * *"

(b) It does not clearly designate the claimed compounds (R. 328):

"Alles, however, has not designated any particular salt of amphetamine in claim 1. * * *"

(c) It embraces amphetamine salts which are inoperative (R. 328):

"His specification states that 'Various acids may be used [to create the salt] * * *.' Interpreting this language (as well as that employed in the disclaimers), the conclusion is inevitable that salts created by the reaction of some acids with amphetamine will have the ephedrine-like quality asserted by Alles but that other salts created by the reaction of other acids with amphetamine will not create salts which will work the desired effect. * * *"

(d) More than experimentation is necessary to determine the limits of the claim (R. 328):

"* * * Since effects may not be claimed, not even experimentation, prohibited by R. S. Section 4888, 35 U. S. C. A. Sec. 33, would serve to designate the salts which Alles has claimed in claim 1. * * *"

There should, therefore, be no doubt that this claim is invalid because it fails to meet the required standard of specificity laid down by this Court in *General Electric Co. v. Wabash Co.* (1938), 304 U. S. 364, and *United Carbon Co. v. Binney Co.* (1942), 317 U. S. 228. In the *General Electric* case this standard was stated as follows (p. 369):

"* * * Congress requires of the applicant 'a distinct and specific statement of what he claims to be new, and to be his invention.' Patents, whether basic or for improvements, must comply accurately and precisely with the statutory requirements as to claims of invention or discovery. The limits of a patent must be known for the protection of the patentee, the encouragement of the inventive genius of others and the insurance that the subject of the patent will be dedicated ultimately to the public. The statute seeks to guard against unreasonable advantages to the patentee and disadvantages to others rising from uncertainty as to their rights. The inventor must 'inform the public during the life of the patent of the limits of the monopoly asserted, so that it may be known which features may be safely used or manufactured without a license and which may not.' The claims 'measure the invention.' * * * In a limited field the variant must be clearly defined."

The foregoing standard was further implemented in the *United Carbon* case (pp. 236-7):

"The statutory requirements of particularity and distinctness in claims is met only when they clearly distinguish what is claimed from what went before in the art and clearly circumscribe what is foreclosed from future enterprise. A zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims would discourage invention only a little less than unequivocal foreclosure of the field. Moreover, the claims must be reasonably clear-cut to enable courts to determine whether novelty and invention are genuine. * * * An invention must be capable of accurate definition, and it must be accurately defined, to be patentable."

Under the controlling authority of the foregoing decisions invalidation of the defective claim at bar would

appear to be inevitable. But instead of invalidating the claim, the Circuit Court of Appeals completely redrafted it, to make it specific; to eliminate its reference to effects; to exclude inoperative compounds; to exclude the prior art; and to avoid the necessity of experimentation. To accomplish all this the court below adopted what it termed an "alternative construction" (R. 328). Actually this "construction" rewrote the claim, so that instead of claiming "all salts of amphetamine without regard to their effects" (R. 328), as the court conceded was called for by its language, it covered only the single compound, amphetamine sulphate, which is nowhere referred to or defined in the claim (R. 329; 331).

The manner in which the Circuit Court of Appeals has rewritten the claim at bar is also in conflict with a recent opinion of the Circuit Court of Appeals for the Second Circuit on an almost identical fact situation. In *Schering Corporation v. Gilbert* (2 Cir., 1946), 153 F. (2d) 428, 433, a claim to a broad class of therapeutically useful chemical compounds was held invalid because it went far beyond the examples of the specification and required further experimentation to determine which of the claimed compounds had the desired therapeutic properties. Yet, the patent specification in the *Schering* case was much more complete and informative than that of the patent at bar.

The Circuit Court of Appeals in this case is believed to have promulgated a new doctrine of patent law to the effect that although a patent claim is vague and indefinite, goes far beyond the specification, covers inoperative compounds and prior art compounds, and requires experimentation to ascertain its limits, if one of the examples of the specification describes a compound of importance the patent will be sustained by a so-called "alternative construction" which completely rewrites the claim to restrict it to that compound. This invites the patentee to seek the broadest claim possible, because if he gets into difficulty subsequently his claim will be redrafted by the court to

eliminate its defects and redirect it to whatever specific compound of commercial importance may be described in the specification. The fact that the patentee could have—and should have—claimed this specific compound initially, instead of the broad class, is disregarded. The uncertainty and risk to which the public is subjected by this practice is likewise disregarded.

It is submitted that this doctrine is at complete variance with the applicable decisions of this Court.

Point IV.

The Circuit Court of Appeals Erred in Sustaining a Claim to a Compound When the Method of Manufacturing It Was Well Known.

During the prosecution of the application for the patent at bar claims were presented for the process of making the described salts. The Patent Office rejected these claims on the ground that (R. 75):

> "It is well known (see any organic textbook) that amines, in general, form salts with mineral acids * * *."

The patentee conceded the soundness of this rejection by cancelling all claims to this process. According to the patent specification, this process involves merely the neutralization of a base with an acid (R. 64-5). Although this is the most elementary reaction in chemistry, the Circuit Court of Appeals held the resulting product to be patentable.

This is contrary to the applicable ruling of this Court in *General Electric Co. v. Jewel Incandescent Lamp Co.* (1945), 326 U. S. 242, 248, which holds:

> "* * * The principle of the *Ansonia* case plainly would deny validity to the Pipkin patent if the prior art disclosed an electric bulb so frosted on the inside as to round out the angular crevices produced by the first etching, whether the full utility of the bulb had been previously recognized or not. The same result

is indicated where, as in the present case, the prior art discloses the method of making an article having the characteristics of the patented product, though all the advantageous properties of the product had not been fully appreciated. * * * Where there has been use of an article or where the method of its manufacture is known, more than a new advantage of the product must be discovered in order to claim invention."

It is submitted that since the method of manufacturing the salts of the patent at bar was well known and unpatentable, these compounds likewise are unpatentable.

Point V.

The Circuit Court of Appeals Erred in Refusing to Allow Competitors to Copy the Functional Features of a Tablet Unless They Added Distinguishing Marks to It.

Both the District Court (R. 314, Finding 80) and the Circuit Court of Appeals (R. 333) held that every feature of respondent's tablet was functional. Under the controlling authority of *Warner & Co. v. Lilly & Co.* (1924), 265 U. S. 526, 528-31, and *Kellogg Co. v. National Biscuit Co.* (1938), 305 U. S. 111, 121, functional features of a product are in the public domain and every competitor has the right to make free use of them.

The Circuit Court of Appeals properly held that (R. 333):

> "* * * Even if the accused tablets had been exact copies of SKF's tablets, the so-called distinctive features of SKF's tablets upon which it relies would none the less be functional. It follows that SKF's contention that the defendants, in copying the features of its tablets were guilty of unfair trade practice, must fall * * *."

But it thereafter defeated the purpose of this holding by placing upon petitioners the obligation and expense of adding "some other distinguishing mark" to their tablet (R. 336). This gave to respondent in perpetuity an unfair

competitive advantage since it was spared the expense of including any distinguishing marks on its tablets. Furthermore, for all practical purposes this also gave to respondent a perpetual monopoly on the functional features, as doctors will not prescribe a tablet which bears a mark indicating that it is a patent medicine rather than a specially compounded prescription (R. 333, footnote).

If the functional features of an article may be permanently withdrawn from the public domain by the first manufacturer who spends sufficient money to popularize them, it will not be long before less affluent competitors will be driven out of business. Whether competitors are forbidden to employ these features at all, or must incur the expense and sales handicap of including additional distinguishing marks is immaterial.

It is submitted that the functional features of a product must remain in the public domain, and must be freely available to all competitors.

Point VI.

The Circuit Court of Appeals Erred in Granting Judicial Relief to a Patent Owner Who Was Misusing the Patent.

Respondent has granted one license under the patent at bar, but the licensee is required to distribute the patented product for use only in the veterinary field (R. 87). Respondent likewise controls the use which purchasers may make of the patented product, requiring them to use it "in veterinary medicine" (R. 358, footnote). Although these purchasers have bought and paid for the patented product they are not free to use it as they please. It is still under the control of the patent owner, despite the fact that title has passed and the patent owner has received everything to which he is entitled under the patent law. The patent owner has no more right to control the use of the product in the hands of a purchaser than he has to fix its resale price, or to require its use with specified unpatented materials—all of which practices are illegal.

In *Motion Picture Patents Co. v. Universal Film Mfg. Co.* (1917), 243 U. S. 502, 516, and *Boston Stores of Chicago v. American Graphophone Co.* (1918), 246 U. S. 8, 25, this Court held that when a patented article is sold it passes beyond the confines of the patent law. Any attempt thereafter to control the use of the product in the hands of a purchaser, under the guise of a patent license, is improper. The patent monopoly is—and should be—exhausted when title to the patented article passes.

Since respondent has abused the patent privilege by attempting to control the use of the patented product throughout the channels of trade, it is precluded from judicial relief. *B. B. Chemical Co. v. Ellis* (1942), 314 U. S. 495, 498; *Mercoid Corporation v. Mid-Continent Investment Co.* (1944), 320 U. S. 661, 670.

CONCLUSION.

The decision of the Circuit Court of Appeals in this case involves several propositions of fundamental importance in the field of chemical patents and unfair competition. These propositions have been decided in a manner which is believed to be contrary to the applicable decisions of this Court, and in conflict with the decisions of the Circuit Court of Appeals for the Second Circuit on the same matters.

We respectfully request the Court to grant this petition in order that it may resolve the conflict of decisions, with the inevitable confusion resulting therefrom, and correct the errors of the court below.

Respectfully submitted,

ARTHUR G. CONNOLLY,
Counsel for Petitioners.

MORTON C. HAIGHT,
NELSON LITTELL,
V. ALEXANDER SCHER,
Of Counsel.

November 21, 1946.

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IN THE

Supreme Court of the United States.

No. 708. October Term, 1946.

CLARK & CLARK, CHARLES L. MORRIS AND ROBERT BRINTON MORRIS, TRADING AS PROFESSIONAL LABORATORIES,

Petitioners,

v.

SMITH, KLINE & FRENCH LABORATORIES,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

The printed record filed with the petition comprises, with respect to the transcript of testimony in the District Court, only the appendices to the briefs of the parties in the Circuit Court of Appeals. The testimony in the District Court was very extensive and the Circuit Court of Appeals found the appendices to be inadequate and stated that the original transcript of testimony had been read and carefully studied (R. 330, footnote 11). The record filed with the petition would appear to be inadequate.

The District Judge made extensive findings of fact and the Circuit Court of Appeals accepted them. The Lower Courts concurred in the findings of validity, infringement and unfair competition (*Goodyear Tire & Rubber Co., Inc. v. Ray-O-Vac Co.*, 321 U. S. 275).

There is not involved here any conflict with any applicable decision of this Court. There is no important question of Federal law which should be settled by this Court.

There is no departure from accepted and usual course of judicial proceedings or sanction of such a departure as to call for an exercise of this Court's power of supervision. The concurrent decisions of the Lower Courts are in consonance with the applicable decisions of this Court and the matter here is only one of private interest to the petitioners found guilty of unfair competition and of patent infringement.

STATEMENT OF THE CASE.

There are two salient facts in this case:

(1) Both lower courts held the petitioners to be guilty of fraud; and

(2) the invention is of the greatest merit.

With reference to the fraud, the petitioner Charles L. Morris was found to be the moving figure or force of the petitioners' business (R. 315, finding 86; R. 385). The District Court found the practices of the petitioners to be fraudulent (R. 316-317, findings 87-94). And the Circuit Court of Appeals characterized the petitioners' practices (R. 334, 335).

With reference to the invention, the District Court held:

> ". . . what he disclosed is a new and useful composition of matter . . ." (R. 135),
>
> ". . . he did not find a new use for an old, known composition, but for the first time he found the salt of a composition and the effects of it . . ." (R. 133),
>
> ". . . It was here that Alles departed from the step by step testing of chemicals and by his experimentation struck the spark of genius when he discovered the therapeutic use which the effect of his compound would have upon the human central nervous system" (R. 133).

"... Its many uses have made it possible to cure ills and save life. It has opened up a new field of medicine ..." (R. 129).

The Circuit Court of Appeals concurred and held:

"Alles' discovery is close to pioneer invention" (R. 331).

The petitioners' summary statement of matters involved is variously incorrect. The salts, the particular sulfate and the particular hydrochloride, of United States Patent No. 1,879,003 (R. 63) here involved are not common salts inasmuch as they were new with Alles. With reference to the base, the Lower Courts concurred that there was no disclosure of the salts (R. 298, finding 11; R. 330). With reference to the hydrochloride, the Circuit Court of Appeals (R. 331) did not reverse the District Court's finding that Jones and Wallis did not in fact disclose a salt of amphetamine (R. 299, finding 17).

With reference to the method of making the salts of the patent, the Patent Office rejection of Alles' method claims was based on generalization (R. 75) and the Circuit Court of Appeals concurred with the District Court's finding that the preparation of salts of amphetamine could not be described accurately as "kitchen chemistry" or be accomplished by way of mere routineering (R. 330).

There is no evidence whatever in the record that the physiological advantages and uses of Alles' salts were known. The Patent Office recognized invention in the production of the hydrochloride or sulfuric acid salt (R. 75). Nothing was known of them prior to Alles and certainly not their physiological advantages and uses, the discovery of which the District Court credited to Alles as striking the spark of genius (R. 133) and the Circuit Court of Appeals found to be close to pioneer invention (R. 331).

The reference in the patent specification to the utility is not vague, as petitioners claim, but, to the contrary, was held to be exact (R. 307, finding 45; R. 308, finding 50).

With reference to the disclaimer, it should be noted that the utility of amphetamine sulfate was well recognized in the original patent specification long before the filing of the disclaimer and long before the patent was purchased by the respondent (R. 298, finding 9).

The disclaimer speaks for itself. It added nothing to the original claim and did not change the invention. It specified characteristics inherently possessed and disclosed to be possessed by the salts disclosed by Alles and a field of utility; and gave to the claim, as both Lower Courts found, that limited interpretation to which it was entitled in view of the specification.

It is apparent that both the District Court and the Circuit Court of Appeals gave the most careful consideration to the disclaimer and to its effect. Both Lower Courts reached the same conclusion with respect to claim 1 in the light of the disclaimer as covering amphetamine sulfate, which both Courts held to be an infringement. Thus, the District Court concluded:

> "The limitation or restriction of the disclaimer adds no new or additional element to the original claim of composition nor does it alter the original claim of composition so as to destroy its identity. The same invention is claimed" (R. 120).

And the Circuit Court of Appeals to exactly the same effect held:

> "Disregarding asserted effects [the asserted effects are inherent in the new composition], we have treated Alles' claim as preëmpting a composition of matter not known to the prior art, viz., amphetamine sulfate" (R. 331). (Bracketed matter inserted by us.)

The Lower Courts did not ignore the effects asserted by the disclaimer and the Circuit Court of Appeals, finding the claim as preëmpting a composition of matter not known to the prior art, found the statement of effects to be but a statement of usefulness (R. 331).

The record (R. 87) shows "we have licensed its manufacture for veterinary use only." There is no support here for petitioners' statement that purchasers from this licensee are restricted in the use which they can make of the product (petition, p. 5).

The grant of a license to manufacture for a certain use is not misuse of a patent. *General Talking Pictures Corporation v. Western Electric Company et al.*, 305 U. S. 124.

On the unfair competition phase, the Circuit Court of Appeals found that because of the fraud of the petitioners they should be required to distinguish their tablets made in imitation of respondent's tablets, i. e., the Lower Court, granting to the petitioners the right to use functional features of respondent's tablets, required petitioners to take reasonable steps to insure against continuance of their fraud.

The petitioners state that they never suggested that their tablets might be substituted for those of respondent, but the Circuit Court of Appeals held differently (R. 334, 335).

The petitioners' claim that to distinguish their tablets will involve expense, prevent competition and give to respondent a monopoly of functional features is ridiculous. The cost of the application of initials to tablets is trivial, inasmuch as such obviously merely requires a suitably engraved punch costing inconsequentially more than the plain punch which forms the bottom of the tablet.

It would seem that the petitioners here seek to have this Court license their fraud.

THE QUESTIONS PRESENTED BY THE PETITION.

The questions presented by the petition are not properly based upon the record in this case and the concurrent findings of the Lower Courts.

With reference to question 1, it is abundantly apparent that the Lower Courts did not ignore the disclaimer. To

the contrary, they gave it the most thorough consideration and concurred in their interpretation of its effect.

As to question No. 2, it is not shown that the claim of the original patent was so broad and indefinite as to be invalid and it is abundantly clear that the Lower Courts did not redraft the claim, but rather concurred in interpretation of the claim in view of the disclaimer as embracing that which the original claim when interpreted in the light of the specification would embrace, i. e., matter fully disclosed, of complete novelty and of such value as to warrant the Court of Appeals in finding it close to pioneer invention.

As to question No. 3, the record shows, and the District Court found that the process of making the Alles salts was neither kitchen chemistry nor to be accomplished by way of mere routineering. The Circuit Court of Appeals concurred in this finding by the District Court (R. 330).

Petitioners' question No. 4 fails to take into consideration the fraud involved in connection with petitioners' adoption of the functional features of the respondent's tablets.

As to Petitioners' question No. 5, the record does not show the patent owner here restricts the use which purchasers can make of the patented product. The record (R. 87) discloses a license to manufacture for veterinary use only.

PETITIONERS' REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

Petitioners do not advance any valid reason for the allowance of the writ here.

The Circuit Court of Appeals for the Third Circuit in deciding this case established no precedents in the field of chemical patent law and unfair competition, or otherwise. The Circuit Court of Appeals interpreted the disclaimer as not changing the invention of the original claim. The dis-

claimer was held not to be of the prohibited type under the latest decisions of this Court. The Circuit Court of Appeals found unfair competition because of fraud and provided reasonable and practical means for preventing it.

The concurrent findings of the Lower Courts here are in full consonance with the controlling decisions of this Court and not in conflict with decisions of the Circuit Court of Appeals for the Second Circuit on the same matters.

Of the several suits which petitioners list as having been brought by the respondent, all with the exception of Nos. 3 and 7 have terminated by discontinuance or the entry of consent judgments.

What petitioners mean by their statement, petition, p. 8, that respondent has procured, by one means or another, consent decrees in some of these cases, is not clear to us. Presumably they would suggest, by innuendo, that respondent proceeded to obtain consent decrees by some devious means. There is no foundation for any such innuendo. The bringing of the suits was fully warranted, as was variously their dismissal and termination by consent judgments.

The respondent has not threatened and intimidated anyone. The petitioners raised this complaint in the District Court with respect to notices sent out by the respondent to infringers of its patent. The District Court found respondent's notices to be within the limits of good faith allowed one who seeks to protect his patent rights (R. 177-180) and dismissed petitioners' counterclaim (R. 177-182).

SUMMARY OF ARGUMENT.

The Lower Courts did not ignore the disclaimer. The disclaimer is not improper or invalid under the decision of this Court in *Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp.*, 294 U. S. 477. The Lower Courts held that the disclaimer did not change the invention and interpreted it as defining the scope of usefulness or effect of a new composition.

The disclaimer was interpreted by the Lower Courts as bringing to the claim that interpretation to which it was entitled in the light of the specification. The effects defined by the disclaimer were inherent in the new composition and were exactly defined in the specification, as was the field of utility.

The Lower Courts did not read anything from the specification into the claim to change the invention. The specification and disclaimer were interpreted as defining inherent characteristics and field of utility or the scope of usefulness of the composition.

The Lower Courts interpreted the claim in the light of the disclaimer as preëmpting amphetamine sulfate, a new composition of matter having characteristics or effects in the field of utility or scope of usefulness defined by the disclaimer. The claim was not rewritten.

General Electric Co. v. Jewel Incandescent Lamp Co., 326 U. S. 242, does not apply in that the Lower Courts found that the method of producing the new composition of matter was not "kitchen chemistry" or mere routineering (R. 330). The decision in that case turned on the holding that a finding of added utility did not involve invention. Here there is no finding of added utility. The invention held by the Circuit Court of Appeals to be almost pioneer involved the finding of a new composition of matter which had great, unexpected and unique utility.

In *General Electric Co. v. Save Sales Co., et al.*, 82 Fed. (2d) 100, the Circuit Court of Appeals for the Sixth Circuit (p. 102) considered a patent for a product and,

noting that method claims originally included in the application had been rejected by the Patent Office, held (p. 103):

> "a new article of commerce may involve the exercise of the inventive faculty even though in producing it a known method is resorted to."

Here it is to be noted that the Lower Courts concurrently held that the method of producing the Alles salts was not known.

Warner & Co. v. Lilly & Co., 265 U. S. 526, is full authority for the decision of the Circuit Court of Appeals on the unfair competition phase here and was followed by the Circuit Court of Appeals.

Kellogg Co. v. National Biscuit Co., 305 U. S. 111, turned upon a quite different state of fact from that involved here. Defendant's pillow shaped biscuit was dissimilar to the original pillow shaped biscuit. There appears to have been no fraud or misrepresentation as in the *Warner* case. The defendant's biscuits were in overwhelming proportion sold in the original packages, bearing the defendant's name, in distinction from the case here where the petitioners' imitation tablets are dispensed by the druggists in naked form apart from the original package and without other than their appearance to identify them.

Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U. S. 502, and *Boston Stores of Chicago v. American Graphophone Co.*, 246 U. S. 8, do not apply. The record shows the grant of a license to manufacture for use in veterinary medicine, not a sale with a restriction upon use or resale price, as in the cited cases.

The propriety of the license of record here was upheld by this Court in *General Talking Pictures Corporation v. Western Electric Co., et al.* (1938), 305 U. S. 124.

ARGUMENT.

Petitioners' Point I.

In *Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp.*, 294 U. S. 477, the Court affirms (p. 490) the validity of a disclaimer the effect of which is to restrict or curtail the monopoly of a patent; and lays down the rule that the statute does not permit the addition of a new element to a claim whereby a patent for an original combination is transformed into a new and different combination.

In *Altoona Publix Theatres, Inc. v. American Tri-Ergon Corp.* the disclaimer added an element, a flywheel, to the combination of the original claim and thus presented a new combination.

In the case at bar the disclaimer did not add any new element. It did not transform the claim from a claim for one thing to a claim for another. It only had the effect of stating characteristics of new compositions within the original claim and a field of usefulness therefor. As the disclaimer affected the original claim as preëmpting amphetamine sulfate, its effect was at most limiting.

In a mechanical combination claim such as was involved in *Altoona Publix Theatres v. Tri-Ergon Corp.* a disclaimer which did not disclaim a claim in its entirety could hardly do other than add or subtract an element to or from the originally claimed combination, thus presenting a new combination. In the case at bar in distinction, as the Lower Courts concurrently found, the disclaimer added nothing to the claim and operated as an interpretation in the light of the specification, having at most a limiting effect. Giving the disclaimer the effect of preëmpting amphetamine sulfate, which was the only composition before the Lower Courts, there can be no question but that such is limiting without change of the invention. This amounts to an interpretation of the claim in the light of

the specification as embracing, to the extent that the original claim might be *literally* broader, only that which is truly and justly the inventor's own.

Petitioners' Point II.

The petitioners' point II is made upon the assumption that the Circuit Court of Appeals disregarded the disclaimer, which is clearly not the case, and that it then had before it a claim which covered the prior art.

The record in the case at bar wholly fails to support the contention that the subject-matter of the original claim was in the prior art and, to the contrary, the Lower Courts concurrently held that Alles invented a new composition of matter.

The statement in the disclaimer that the original claims were too broad is in no way inconsistent with the concurrent findings of the Lower Courts. Thus, standing by itself the claim was literally broader than the invention disclosed by the specification. Interpreted in the light of the specification, the claim was coextensive with the claim in the light of the disclaimer and so the Lower Courts concurrently held.

In considering the disclaimer here the Lower Courts did not revive the original claim—literally a naked claim for a composition—but very clearly gave effect to the disclaimer as giving to the claim that interpretation to which it was entitled in the light of the specification.

There is no conflict between the decision of the Circuit Court of Appeals for the Second Circuit in *Foxboro Co. v. Taylor Instrument Companies*, 70 USPQ 338, and that below in the case at bar. In the case at bar the patentee did not claim broadly and then recede as he found that prior art unknown to him had limited his invention. From the record in the case at bar, it is clear that the prior art does not limit the invention. The field of the invention involves new and previously unknown compositions of matter having the greatest merit. The making of the invention was

found by the District Court *supra* to strike the spark of genius, and by the Circuit Court of Appeals *supra* to be almost pioneer.

Petitioners' Point III.

The petitioner seems to rely here not upon the conclusion of the Circuit Court of Appeals, but upon its discussion on the way to its conclusion. Even assuming that it is difficult to evaluate the patent or to determine the impact of the disclaimer on the claims, it is clear that Alles does not, in his specification or by his disclaimer, claim effects. He claims compounds having certain effects, the compounds being new.

Alles' claim 1 does not specify any particular salt of amphetamine in words, but, interpreted in the light of the disclaimer, was properly held to preëmpt amphetamine sulfate.

The Circuit Court of Appeals observed that some salts of amphetamine will not have the desired effect and reasoned that since effects may not be claimed, not even experimentation would serve to designate the salts which Alles claimed; and concluded that if there was no alternative construction, Alles claimed all salts without regard to their effects, but pointed out that such conclusion seemed absurd in the light of the specification which showed that Alles laid great store on his discovery that amphetamine salts, particularly the hydrochloride and sulfate, have effects like those of the salts of ephedrine (R. 328).

With reference to the Circuit Court of Appeals' statement that not even experimentation would serve to designate the salts which Alles has claimed, it is but an observation later indicated by the Court as leading to a conclusion which the Court stated to be absurd.

On this point the petitioners segregate from context statements of the Circuit Court of Appeals, stated by that Court to lead to absurd conclusions or discarded in reaching its ultimate conclusion of the effect of the disclaimer.

Petitioners' Point IV.

The Circuit Court of Appeals here did not sustain a claim to a compound the method of manufacturing which was well known. As pointed out *supra,* the Circuit Court of Appeals, in concurrence with the District Court, found that the method of manufacture was not known (R. 330). The rejection by the Patent Office of process claims of Alles involves no estoppel. In *General Electric Co. v. Save Sales Co., et al., supra,* a claim of estoppel was made based upon rejection of a number of process claims, but the Circuit Court of Appeals for the Seventh Circuit held (p. 62), that a new article of commerce may involve the exercise of the inventive faculty even though in producing it a known method is resorted to.

In fact, the rejection by the Patent Office of Alles' process claims was wholly general (R. 75). Alles, deeming himself sufficiently protected by the product claims, pursued the process claims no further but such does not change the fact that, as found below, the process of making Alles' particular salts was not known. It is to be noted that while the entire file wrapper of the Alles application is in evidence as Defendants' Exhibit XXIV, only excerpts appear in the record here.

In *General Electric Co. v. Jewel Incandescent Lamp Co., supra,* the method of manufacture of the particular article, i. e., the electric bulb of the patent in suit, was known. In that case the holding was that discovery of additional advantages of a product made by a known process was not invention. Here there is no showing in the Patent Office record that the method of making the particular Alles salts as compared with salts generally was known, and the Circuit Court of Appeals concurred in the holding that the method of making the particular salts of Alles was not known.

Petitioners' Point V.

Petitioners fail to present the essential point involved in the Circuit Court of Appeals' holding with respect to unfair competition.

The vice in petitioners' position, as found by the Circuit Court of Appeals (R. 334, 335) is that they sought by unfair methods to avail themselves of the favorable reputation which respondent had established for its amphetamine sulfate tablets.

That at least some of their salesmen suggested that prescriptions for SKF's Benzedrine sulfate, widely known and advertised as its brand of amphetamine sulfate, might be filled without danger of detection by the defendants' brand of amphetamine sulfate; that the bringing to the mind of the druggist by petitioners' salesmen pointing out the identity of the two preparations and the enhanced profit to be made by selling the former in lieu of the latter; and that other unfair practices existed; were picked out by the Circuit Court of Appeals as being typical of petitioners' unfair practices (R. 334-335).

The false statement of Charles L. Morris that Clark was the sole purveyor of amphetamine sulfate was held by the Circuit Court of Appeals to be sufficient to destroy Morris' credibility (R. 335).

The Circuit Court of Appeals, in its holding on the unfair competition phase, followed exactly the rule of *Warner & Co. v. Lilly & Co., supra,* and required only that the petitioners reasonably distinguish their tablets from respondent's by applying their initials thereto.

To argue that the cost of applying initials to the tablets would affect competition is absurd, since the application of initials merely requires an engraved punch as compared with a plain punch. The application of initials to the tablets is wholly practical and will not prevent sale of the tablets. It is to be noted that the Court of Appeals did not, as petitioners represent, say that "doctors will not prescribe a tablet which bears a mark indicating that it is

a patent medicine." What the Court said was (R. 333, footnote 15): ". . . some members of the medical profession desire to cause their patients to believe that prescriptions are being specially prepared for them. . . ." There is no basis for concluding that a sufficient number of doctors so feel as to make the application of initials unreasonable, nor is there any reason to facilitate this minor form of misrepresentation by some doctors.

Petitioners' labels on their bottles sold to the retailer are wholly insufficient to prevent the fraud, since the retailer dispenses the petitioners' tablets in naked form and, as found by the Circuit Court of Appeals, petitioners suggest and promote the substitution of petitioners' tablets for respondent's—and obviously will continue to do so, or, even if they do not, the habit of substitution of petitioners' tablets for respondent's having been formed, substitution will continue, unless petitioners' tablets be distinguished from respondent's tablets.

The decision of the Circuit Court of Appeals on the unfair competition phase is exactly in line with the decision of this Court in *Warner & Co. v. Lilly & Co., supra.* This Court held (p. 532):

> "But respondent being entitled to relief, is entitled to effective relief; and any doubt in respect of the extent thereof must be resolved in its favor as the innocent producer and against the petitioner, which has shown by its conduct that it is not to be trusted."

The above conclusion of this Court exactly fits the case at bar.

In *Warner v. Lilly* the Court required the petitioner to put a notice on its labels to the effect that its preparation was not to be sold or dispensed as respondent's, or be used in filling prescriptions or orders calling for respondent's preparation.

In *Warner v. Lilly* it is to be noted that the preparations involved were liquid. It is impossible to so mark a

liquid as to distinguish it from another liquid. In the case at bar the products are tablets and it is quite obviously practical to apply initials to tablets without material expense. Petitioners' contention here is out of line with Morris' testimony (R. 229).

Here, as in *Warner v. Lilly,* the respondent is entitled to effective relief and any doubt as to the extent thereof must be resolved in respondent's favor, since here it has been abundantly demonstrated and found by the Lower Courts that the petitioners are not to be trusted.

The only effective relief which petitioners can have here is to have the tablets distinguished and the most practical way of accomplishing the distinction is for the petitioners to prominently initial their tablets so that they will be recognized as petitioners' tablets and rendered *per se* non-confusable and non-substitutable for respondent's tablets.

The case of *Kellogg Co. v. National Biscuit Co.,* 305 U. S. 111, which, incidentally, came to this Court from the Third Circuit, is not at all in point and does not conflict with or change the rule of *Warner v. Lilly, supra.*

In the *Kellogg* case this Court found, p. 122, that "there is no evidence of passing off or deception on the part of the Kellogg Company." Again, p. 121, the Court held:

> "but no person familiar with plaintiff's product would be misled."

In the *Kellogg* case not only were the Kellogg labels distinctive, but the Court found that relatively few biscuits would be removed from the original cartons before they reached the consumer (p. 121) and the Court further found (p. 121):

> "the Kellogg biscuit is about two-thirds the size of plaintiff's; and differs from it in appearance."

Finally, the Court found (p. 121):

> "To put upon the individual biscuit some mark which would identify it as the Kellogg product is not commercially possible."

The distinction between the case at bar and the *Kellogg* case is obvious, as is the consonance of the decision of the Circuit Court of Appeals here with the decision of this Court in *Warner v. Lilly, supra.*

We believe that the Circuit Court of Appeals and this Court have held that where features of the product are functional, others may use such features, but we cannot find that any Court has authorized the use of functional features in a fraudulent manner. Where functional features are used in a fraudulent manner, the Circuit Court of Appeals and this Court in consonance have required the fraudulent user to reasonably and practicably distinguish from the innocent user. The direction of the Circuit Court of Appeals in the case at bar is wholly reasonable and practicable.

Petitioners' Point VI.

The license granted by respondent (R. 87) does not constitute a misuse of the patent.

Motion Picture Patents Co. v. Universal Film Mfg. Co., 243 U. S. 502, and *Boston Stores of Chicago v. American Graphophone Co.,* 246 U. S. 8, do not condemn the grant of a license to manufacture for a certain field of use. These cases are authority for the rule that when a patented product is sold, the patent monopoly on it disappears and the purchaser can do with it as he pleases.

Here the record (R. 87) shows a license to manufacture for a certain field.

Mercoid Corp. v. Mid-Continent Investment Co., 320 U. S. 661, is not at all in point. In that case the patent was used to monopolize an unpatented product. There is no such use of the patent here.

The license here is entirely within the reward which the patentee is entitled to secure by the grant of the patent (*United States v. General Electric Co.*, 272 U. S. 476, 489, approved by this Court in *General Talking Pictures Corporation v. Western Electric Co., et al.*, 305 U. S. 124).

In *General Talking Pictures Corporation v. Western Electric Co., supra,* a license to manufacture amplifiers only for radio amateur reception, radio experimental reception and radio broadcast reception was approved by this Court.

It is clear, we believe, that the license (R. 87) does not involve any misuse by respondent of its patent.

CONCLUSION.

We submit that the concurrent decisions of the Lower Courts on both the patent and unfair competition phases of the case at bar are in full consonance with the law and the decisions of this Court and involve no conflict with the decisions of the Circuit Court of Appeals for the Second Circuit or of other Circuit Courts of Appeals.

We submit that no question is involved in the case at bar warranting the granting of the petition and that the petition should be denied.

Respectfully submitted,

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Counsel for Respondent.

GROVER C. RICHMAN,
GEORGE A. SMITH,
Of Counsel.

Supreme Court of the

No. 708.

October Term, 1946.

CLARK & CLARK, CHARLES L. MORRIS, and ROBERT BRINTON MORRIS, Trading as PROFESSIONAL LABORATORIES,

Petitioners,

v.

SMITH, KLINE & FRENCH LABORATORIES,

Respondent.

PETITION FOR REHEARING OF ORDER DENYING WRIT OF CERTIORARI.

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IN THE

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SMITH, KLINE & FRENCH LABORATORIES,

Respondent.

PETITION FOR REHEARING OF ORDER DENYING WRIT OF CERTIORARI.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

This petition is based upon the grounds that three of the questions raised by the application for a writ of certiorari affect hundreds of thousands of patents now in force, as well as every chemical patent application now pending in the United States Patent Office. Thus, it is believed that these questions impinge upon the daily lives of all the people, since the monopolies granted on medicines (and chemicals generally) make possible the exorbitant prices which must be paid for these products. In our prior petition we discussed these issues from the standpoint of the private litigants, but in the following summary we consider them primarily from the public standpoint.

These questions are tabulated in our petition (p. 6) as Nos. 1, 2 and 5. They raise the following fundamental issues:

A. Where a claim covers many chemicals can it be restricted by disclaimer to a few chemicals, or their uses? If not, can the disclaimer be ignored?

B. If a claim violates R. S. 4888 may the court save it, by restricting it to a single useful compound among the thousands claimed?

C. When the patent owner, by agreement, fixes both the use and resale price of the patented article, can a competitor be enjoined from infringing the patent?

QUESTION A.

This Court, in *Altoona Publix Theatres v. American Tri-Ergon,* 294 U. S. 477, 490-91, and *Milcor Steel Co. v. Fuller Co.,* 316 U. S. 143, 148, held that a patent for a mechanical combination could not be rewritten by a disclaimer which adds a new element to the combination originally claimed. Unfortunately, these cases were concerned with mechanical combinations, and it is not clear from their language whether chemical patents may be rewritten by a disclaimer which merely excludes chemicals from the original claims, or directs them to a new use. As a result, American industry still does not know whether a disclaimer is valid which rewrites a claim without adding a new element to the original combination. The lower courts have further confused the issue by drawing diametrically opposing conclusions from these decisions.

In the case at bar the Circuit Court of Appeals for the Third Circuit, despite the *Milcor* case, has sustained a claim which was rewritten by an interpretative disclaimer. Yet the Circuit Court of Appeals for the Second Circuit has held that the *Milcor* case forbids all interpretative disclaimers and requires the defective claims to be disclaimed *in toto, Foxboro Company v. Taylor Instrument Company* (1946), 157 F. (2d) 226, 232.

It is vitally important to American industry and the administration of our patent laws to know whether an in-

terpretative disclaimer is ever valid and, if so, under what circumstances it is permissible. That question is squarely presented in the case *sub judice.*

The patent at bar when originally issued covered as new compositions of matter all salts of 1-phenyl-2-amino-propane (R. 13, 66). By disclaimer this patent was changed to cover only those salts useful "as a physiologically active therapeutic agent capable of producing effects in animals and man similar to the effect of salts of ephedrine" (R. 66). This involved a substantial change in the original claims. However, the District Court held that the *Milcor* case was inapplicable because here no new element was added to the original claims (R. 119).

In affirming the District Court on this phase of the case, the Court of Appeals added further confusion to the problem, by holding that a disclaimer was not irrevocable, but might be ignored where necessary to sustain a patent (our supporting brief, pp. 12-13).

The disclaimer statute today is a source of greater danger to the public than any other provision in the entire realm of patent law. To function effectively American industry must know whether it is infringing patents and, if so, whether the patents are valid. Such knowledge is impossible in the face of this statute as it has been construed by the courts. Under the statute, a patentee may at any time file a paper drawn up by his solicitor and make a new patent for himself. The paper takes effect immediately upon being filed, without any consideration by the Patent Office. Furthermore, the disclaimer gives effect to the revised claims from the date of the original patent, and may overnight transform it into a serious threat to any industry.

The importance of this issue cannot be minimized.

QUESTION B.

The question of breadth of claims is peculiarly applicable to chemical cases where the practice throughout the years has been to claim entire classes of chemical com-

pounds. These classes are of vast scope, generally encompassing thousands of theoretically possible compounds, all of which are represented as having certain desirable properties. At best, the patentee has made, and the patent discloses, but a few compounds in support of the broad class for which the monopoly was granted.

It is a matter of common knowledge that medicinal and chemical properties are highly specific and seldom, if ever, are they possessed by an entire class of chemical compounds. Since the great majority of the claimed compounds have never been tested—or even made—by the patentee it is obvious that his representations as to their properties are sheer speculation. Yet, on the basis of such speculation, he acquires a monopoly for seventeen years over the untold thousands of compounds embraced within his broad claims.

Patent claims of this type have serious consequences for the chemical and medical professions as well as the public. First of all, they mislead the public with their inaccurate representations that broad classes of chemical compounds are therapeutically beneficial. When these statements are made in a patent, authorized by the United States Government, they unfortunately receive undue credence by the public.

More importantly, they handicap chemical and medical research which is vital to the public welfare, because investigations conducted anywhere within the broad fields preempted by the patent claims are likely to result in litigation, if they are fruitful. This is so, even though the compounds investigated were never tested or described (except in all-inclusive language) by the patentee. When it is considered that the synthesis, and the laboratory and clinical testing of even a single chemical compound, may require the expenditure of thousands of dollars and a year or more of the investigators' time, this is an obstacle which cannot be minimized. There is too little money and too few skilled investigators to squander on programs of this type. Yet,

many of the most promising fields of investigation now lie within the broad claims of numerous issued patents.

If, through extensive and expensive independent investigation, it is established that one compound of the myriad claimed is of value the patentee alone reaps the reward of this discovery, to which he contributed little or nothing. The investigators and their sponsors cannot make use of the discovery without the permission of the patentee, and this is generally refused or conditioned on unacceptable terms. Likewise, the patentee is then in a position to exact exorbitant profits from the public and the chemical and medical professions. In the case at bar respondent has sold millions of dollars worth of its Benzedrine Sulfate tablets, at a price of $22.00 per thousand. This is a mark-up of more than *four thousand* percent over its cost price (R. 29). The patentee is allowed to reap where, at best, he has sown nothing but a rash prediction—which may be erroneous for most of his claimed compounds. As long as the patent covers the chemical compound in question there is no alternative to this dilemma, except to assume the risk of litigation. This has been a greater handicap to chemical and medical research than any other single factor.

It is submitted that patents dealing with chemical compounds should be required to maintain the most rigorous standard of accuracy and completeness. Furthermore, their claims should be limited specifically to those compounds which have actually been tested and found to possess the desired properties. Any departure from these standards should result in loss of the presumption of validity, and prompt invalidation of the patent. If the patent on its face claims more compounds than the patentee made and tested it should be presumptively invalid.*

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* This may appear to be a revolutionary doctrine, but the lower courts are now groping towards it in an attempt to curtail the abuses referred to above. See *Schering Corp. v. Gilbert* (2 Cir., 1946), 153 F. (2d) 428, 433, which supports such a holding. Compare *Minnesota Mining & Mfg.*

Unfortunately, this vitally important issue has never been adjudicated by this Court, so the vicious practice of monopolizing virtually limitless chemical fields continues unabated. Now that we are on the threshold of a great post-war expansion in the chemical and medical fields it is of critical importance that this practice be summarily halted, and the thousands of patents which presently obstruct this expansion be declared presumptively invalid.

The patent at bar is a classic example of this abuse, and the evils which flow from it. It specifically describes but two chemical compounds (R. 63). Yet, its claim 1 embraces every compound formed by neutralizing an old base (amphetamine) with each of the thousands of inorganic and organic acids (R. 13, 66). This means that every salt of amphetamine has been preempted by the patent, although the patentee had tested no more than two of these compounds. His representation of therapeutic properties with respect to all other amphetamine salts was no more than rank speculation.

It should be noted that even as to the hydrochloride and sulphate salts specifically described in the specification, the patentee's representation was far from accurate. He represented these salts as having ephedrine-like properties (R. 63). Actually, they are of value because of properties which are not generally attributed to ephedrine (R. 308, Finding 49) and which were established by independent investigation *subsequent* to the issue of the patent. Yet, this patentee has monopolized the entire field of amphetamine salts since September, 1932. Instead of being penalized for the unwarranted breadth of his claim 1, he has been rescued and rewarded by a judicial redrafting of this claim which

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Co. v. Carborundum Co. (3 Cir., 1946), 155 F. (2d) 746, 750, which holds a claim to a chemical class invalid as a matter of law when it is based on a specification disclosing but a few compounds "as a springboard for the claiming of an entire genus." (In the case at bar, the court below ignored the doctrine just established by it in the foregoing *Carborundum* case.)

now limits it to the single compound of greatest present-day therapeutic utility (our supporting brief, pp. 13-18).

This decision, instead of curtailing the abuses referred to above, lends support and encouragement to them.

QUESTION C.

Since 1941 respondent has been misusing the patent at bar to illegally control the patented product in the hands of purchasers. This is indisputable from a consideration of the so-called license agreement, which has just come to petitioners' attention and is printed in full as Exhibit A in the appendix hereto. Section 2 of this agreement requires the purchaser-"licensee" to sell the patented product in the veterinary field only. Sections 4 and 5 fix the **resale** price of the patented product, and otherwise control its sale.

This is a flagrant abuse of the patent monopoly, condemned by this Court on numerous occasions. See, for example, *Bloomer v. McQuewan*, 55 U. S. 539, 549; *Adams v. Burke*, 84 U. S. 453, 455; *Hobbie v. Jennison*, 149 U. S. 355, 361; *Bauer v. O'Donnell*, 229 U. S. 1, 17; *Boston Store v. American Graphophone Co.*, 246 U. S. 8, 25. Of particular interest in this connection are the dissenting opinions of Mr. Justice Black in *General Talking Pictures Corp. v. Western Electric*, 304 U. S. 175, 183, and 305 U. S. 124, 128.

The illegality of this agreement was acknowledged by respondent *two weeks ago* in a modifying letter which purports to eliminate the illegal paragraphs, and which is printed in full in the appendix as Exhibit B. After more than five years of illegal conduct, during which respondent has successfully enforced its patent in the courts—because this contract was never before available for consideration by the courts—respondent attempts to evade the penalty for its acts by a last-minute amendment. The evils flowing from these illegal controls will continue until the patent expires in 1949, regardless of the abortive amendment. Enforcement of this patent in any court should, therefore, be

precluded. *B. B. Chemical Co. v. Ellis*, 314 U[illegible]5, 498; *Mercoid Corp. v. Mid-Continent Investment C*[illegible] U. S. 661, 670.

After enjoying the fruits of its avowedly[illegible]al conduct during the entire period of this action, ma[illegible]ondent now benefit from a decree enjoining its com[illegible]s from infringing this patent? If so, this will be the[illegible]time in many years that a patent owner, guilty of fixi[illegible] resale price of the patented product, has been permitt[illegible]nforce its patent in the courts.

WHEREFORE, your petitioners respectfully[illegible] that a writ of certiorari issue to the United States[illegible] Court of Appeals for the Third Circuit, in order t[illegible]is case may be reviewed and its manifest errors be c[illegible]ed.

Respectfully submit[illegible]

ARTHUR G. Co[illegible]
Counsel fo[illegible]*tioners.*

January 16, 1947

Appendix.

EXHIBIT A.

MEMORANDUM OF AGREEMENT made this 28th day of April, 1941, between SMITH, KLINE & FRENCH LABORATORIES, a Corporation of the State of Pennsylvania, hereinafter called "SKF", of the first part, and ALLIED LABORATORIES, INC., a Corporation of the State of Delaware (Pitman Moore Division), hereinafter called "PM", party of the second part.

WHEREAS, SKF is the owner of United States Letters Patent Number 1879003 granted September 27, 1932 for salts of 1-phenyl-2-aminopropane, for use as therapeutic agents, the common name for which product is amphetamine; and "Benzedrine" is the registered trade mark name for SKF's brand of said product; and

WHEREAS, PM is a distributor of drugs to the veterinary trade and desires to be made exclusive distributor of amphetamine sulfate to the veterinary trade in the United States and its Territories.

NOW THIS AGREEMENT WITNESSETH that the parties have mutually agreed as follows:

(1) SKF hereby appoints PM to be exclusive distributor of amphetamine sulfate to the veterinary trade in the United States and its Territories. SKF covenants that while this contract is in force SKF will not knowingly sell or distribute amphetamine sulfate for veterinary use in the United States and its Territories except through PM.

(2) PM covenants and agrees that it will use its customary facilities and endeavor to market and distribute amphetamine sulfate to the veterinary trade. PM expressly covenants that it will not sell, offer for sale or advertise said product except to veterinarians,

veterinary colleges, veterinary hospitals and veterinary supply houses. All other fields are reserved to SKF.

(3) SKF will sell amphetamine sulfate to PM in crystal form, packed in moisture proof containers. PM will prepare and package a solution of the product for veterinary use.

(4) The initial product to be offered by PM, its selling price, form, strength of solution and size of package shall be subject to the approval of SKF.

(5) Any change which PM may desire to make in selling price, form of product, strength of solution or size of package shall be subject to approval of SKF.

(6) The minimum price for amphetamine sulfate crystals shall be Two hundred fifty Dollars ($250.00) per kilogram.

This price is based upon the following schedule of prices for a 5% solution of amphetamine sulfate in 30 cc vials:

Net to the Veterinary—
per single vial—$2.07 each vial
½ doz. vials — 1.96 " "
1 doz. vials — 1.87 " "
Net to Distributors—
per single vial—$1.38 each vial

If there shall be an increase in the amount received by PM for the amount of amphetamine sulfate in solution, there shall be a proportionate increase in the price to be paid by PM for amphetamine sulfate crystals. There shall be no decrease in price for amphetamine sulfate crystals below Two hundred and fifty Dollars ($250.00) per kilogram.

(7) PM covenants and agrees that it will not at any time, during the term of this contract or after its termination, use or infringe upon the name "Benzedrine". PM will adopt its own trade name for

amphetamine sulfate distributed by it, which name shall not resemble "Benzedrine", and PM will market its product under PM's trade name, and as a brand of amphetamine sulfate.

The name "Smith, Kline & French Laboratories" shall not be mentioned on the label or in the literature or advertising put out by PM; except that PM may mention in its literature that amphetamine sulfate was first offered for use in the field of medicine for human beings by Smith, Kline & French Laboratories under their brand name "Benzedrine Sulfate", provided the written approval of SKF to the wording of such reference shall be obtained before any reference is made in the literature put out by PM.

(8) PM will submit their product to the United States Food and Drug Administration as a new drug, using PM's toxicity tests as well as such tests as SKF may make available for that purpose. The form and content of such submission shall be subject to the prior approval of SKF.

(9) In the event of any criticism from Federal or State authorities or from the American Medical Association respecting the product, labels, literature or advertising put out by PM, immediate notice thereof shall be given by PM to SKF; and if any such criticism is made, all labels, literature and advertising by PM of said product shall be subject to the approval of SKF.

(10) SKF will save PM harmless from any loss which PM may sustain upon suits or claims for patent infringements in connection with the said product supplied by SKF. Notice thereof to be promptly given by PM to SKF. Furthermore, PM will promptly advise SKF of any infringement of the SKF patent by others which comes to its attention and in such case SKF will take such action as will in its discretion best protect the interests of SKF and PM in said product.

(11) This contract shall be for a term of five years and it shall continue thereafter until either party shall give to the other six months prior notice of its intention to terminate the contract upon the date specified in such notice.

(12) All notices and approvals to be given under the terms of this contract shall be in writing and shall be given by sending the same registered mail. Notices shall be sent to Smith, Kline & French Laboratories at 105 North Fifth Street, Philadelphia, and to Allied Laboratories, Inc., Pitman Moore Division, at 1200 Madison Avenue, Indianapolis, Indiana. The date of the mailing shall be considered to be the date of giving of such notice.

IN WITNESS WHEREOF the parties have caused this agreement to be duly executed by their proper officers and their respective corporate seals to be hereunto affixed the day and year aforesaid.

SMITH, KLINE & FRENCH LABORATORIES

By O. J. MAY
V. P.

Attest:

J. L. MCCURDY
Asst. Secretary

Corporate Seal

ALLIED LABORATORIES, INC.

By C. N. ANGST
Treas.

Attest:

F. V. HAWKINS
Asst. Secy.

Corporate Seal

EXHIBIT B.

Letterhead of

SMITH, KLINE & FRENCH LABORATORIES
Fifth and Arch Streets,
Philadelphia 5, Pa.

December 26, 1946

Allied Laboratories Inc.
Pitman Moore Division
1200 Madison Avenue
Indianapolis, Indiana

Attention: Mr. C. N. Angst

Dear Sirs:

As you know, we have litigation pending against infringers of our Amphetamine patent, and it has been suggested that our contract with you in some way improperly restrains your handling of our product.

As you well know, from your years of experience with us, we have no intention or desire to in any way restrict you in the conduct of your business and, in fact, never have done so; but in order to make the matter absolutely clear, we suggest that we mutually agree to eliminate paragraphs (2) (4) and (5) of our contract of April 28, 1941. Our contract will then certainly conform to what has been our actual intent and practice. If this is agreeable to you, kindly sign one copy of this letter and return to us.

Very truly yours,
SMITH, KLINE & FRENCH LABORATORIES
O. J. MAY
O. J. May
Vice President

Agreed to
Allied Laboratories, Inc.
By: C. N. ANGST, Treasurer.

Dec. 31, 1946.